



SMART CAPS Group Inc.
Qualitative Consumer Research
Final Report
May 2022

SMART
SMART CAPS Group, Inc.

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Learning Objectives



RESEARCH

Contextual	Concept Evaluation
Identify drivers of purchase / consumption of the format	Uncover expected impact on behaviours, specifically:
Understand barriers of purchase / consumption of the format	Purchase behaviours / format of choice
Explore how much of a consideration the pop going flat after opening is to consumers when it comes to format choice	Usage behaviours / format of choice Brand and flavour preferences

Methodology

April 21, 2022

Who We Talked To...

- 16 professionally recruited participants (8 per group)
- Recruiting specifications included the following:
 - National, English Canada
 - Mix of females / males
 - Age range 18-70
 - Those who occasionally or regularly buy 2L pop bottles: have purchased 2L bottles of pop minimum once/month over the past 6 months



RESEARCH

Methodology

April 21, 2022

How We Executed It...

- 2 x 60 minute video focus groups
- Participants were provided an electronic invitation that contained a link, along with instructions for the session
- The focus groups were professionally moderated
- Clients were able to log in and observe the focus groups in real time, and discretely interact with the moderator during the active discussions without interrupting the session



RESEARCH

Interpreting the Findings

The findings of these focus groups are qualitative in nature. They represent the views of a small group of people across English Canada, and thus are not statistically significant. However, the learnings from this research provide valuable insights and guidance on the topics discussed.



EXECUTIVE SUMMARY OF INSIGHTS





Our Studies Showed... (2L Pop Bottles)

- The top driver of 2L pop bottle usage is that it is more economical vs. other formats. It is also ideal when sharing, enables portion control and reduces packaging waste. However, many limit their usage of the format to social / sharing occasions.
- Pop going flat once a 2L bottle is opened is a dominant pain point with the format. With quality and taste diminished, most consumers discard the flat pop. This leads to negative feelings of guilt and wastefulness.
- To avoid having to discard flat pop from 2L bottles, consumers compensate by limiting their consumption occasions (often just to social / sharing moments), opting to buy cans / small bottles instead for day-to-day consumption, and sticking with “safe” flavours / brands.

A person's hands are visible, pointing at several documents on a wooden table. The documents feature various data visualizations, including bar charts, line graphs, and donut charts. A smartphone is also visible on the table. The background is slightly blurred, showing what appears to be a meeting or presentation setting.

Our Studies Showed... (SMART CAPS)

- **OVERALL:** The impact of SMART CAPS on expected purchase and consumption behaviours of 2L pop emerges as significant. The concept effectively eliminates the most prominent pain point associated with the 2L bottle, thereby enabling consumers to reap the associated benefits of the format more often, without the risk of flat and wasted pop.
- **INCREASED PURCHASE & CONSUMPTION FREQUENCY OF 2L BOTTLES:** Most say they would shift a significant portion of their smaller-format pop purchases and consumption to a 2L bottle with a SMART CAP.
- **MORE DIVERSE RANGE OF PRODUCTS:** Having a SMART CAP on 2L bottles gives consumers confidence to buy a greater variety of flavours and brands in the format.
- **OPENNESS TO BRAND-SWITCHING:** SMART CAPS appears to motivate some brand-switching, even among those who have a strong brand preference.

Several consumers asked us during the research

Inform / educate consumers that this innovation can be recycled the same way as the old caps

ARE SMART CAPS RECYCLABLE?

If so, there are other application opportunities suggested by consumers

For example, smaller pop bottles can leak in bags, windshield washer can leak if bouncing around in the car, etc.

DO SMART CAPS PREVENT LEAKING?

There appears to be a little bit of scepticism around the concept

Explore ways to instill consumer confidence => demos, performance guarantee, a challenge, etc.

TOO GOOD TO BE TRUE?

There is a bit of confusion about what angle should be used to pour

On the label (via an icon perhaps), at the shelf, via in-store demos and/or in advertising, educate consumers how a bottle with a SMART CAP should be poured

HOW TO POUR...

(Peripheral) to some, the “fizz” of opening a pop bottle is a positive cue for refreshment

Educate consumers - the “fizz” is the carbonation escaping the bottle upon opening. That it is actually a positive that this sound is eliminated with the use of SMART CAPS

“FIZZ” A CUE FOR REFRESHMENT

ADDITIONAL INSIGHTS

for consideration for SMART CAPS as a go-to-market strategy is developed:

DETAILED FINDINGS...



Among multiple perceived advantages 2L pop bottles, cost savings emerge as the most dominant usage driver.

01

Cheaper on a volume basis compared with cans and smaller bottles

ECONOMICAL

02

Large volume content makes it convenient for sharing with others

EASY TO SHARE

03

Ability to control how much is dispensed

Especially beneficial when serving to kids, topping up a glass or when mixing with alcohol

PORTION CONTROL

04

Less material to recycle or discard compared with multiple smaller containers

Better for the environment

LESS PACKAGING WASTE

05

Arts and crafts
Planter
Bird feeder

REUSE BOTTLES (A FEW)

2L pop usage occasions mainly center around sharing & social occasions where a larger volume of pop is consumed at once.

The most common usage occasions of 2L bottles tend to be at gatherings, where several people (family or guests) are drinking pop:

- ✓ More economical vs. buying multiple cans / smaller servings
- ✓ Enough to satisfy everyone's thirst
- ✓ Easy to portion when pouring to mix with alcohol or juice
- ✓ Most or all of an opened bottle is likely to be finished
- ✓ Less packaging waste created vs. many cans being consumed
- ✓ Less pop wasted as people can just pour how much they want to drink vs. not finishing a can
- ✓ Easier to identify one's glass vs. everyone having identical cans on table

A minority also like to keep a 2L bottle in their home fridge:

- ✓ Takes up less space (footprint) vs. multiple cans
- ✓ These consumers (or their household) tend to drink a lot of pop and/or don't mind drinking it even when it goes flat
- ✓ Some opt for 2L bottles in their fridge during hot summer days, to keep their family hydrated and cool



"It's more economical compared to small cans... especially if buying for a bunch of people...and small cans people drank half or quarter, in a group you don't know whose can is which. Can happen with glasses, but people more careful with their own glass."

"I usually buy it for parties if lots of people are consuming it. Less plastic to get one bottle rather than a case... so environmentally friendlier."

Pop going flat once a 2L bottle has been opened is a dominant pain point with the format, and the key factor limiting usage.

14/16 participants deemed the pop going flat to be an issue:

- Carbonation is lost within a few days of opening
- Quality / taste / freshness of the beverage is adversely impacted
- 2/16 participants tend to consume opened bottles fairly quickly and/or do not mind drinking flat pop

Once the pop goes **flat**, it is generally **discarded**:

- This feeling is described as akin to pouring money down the drain
- Generally negative emotions of guilt and being wasteful are associated

Other, **secondary** things consumers **dislike** about 2L pop bottles include:

- Eliminates flavour / brand variety smaller formats can easily provide
- Heavy and large, thus can be cumbersome to carry or store

“

“It gets flat if you don’t finish it soon enough. Not the same quality as when first opened.”

“If it’s half a bottle I feel guilty wasting it. I am literally pouring money down the drain.”

“When pop goes flat it tastes gross, not the same... I tend not to drink it when it’s flat, it just doesn’t taste the same...”

“Not a good feeling, I don’t like to waste... I wish I didn’t have to pour it, but at same time won’t drink it flat either.”

To avoid 2L bottles of pop from going flat, consumers compensate by limiting consumption occasions, by often opting to buy smaller formats instead, and by sticking with 'popular' flavours / brands.

Consumers aim to avoid or minimize 2L pop going flat, as it leads to a considerably lesser enjoyable beverage, and more often than not, waste. Compensating behaviours include:

Limit consumption occasions of the format

- Only open / consume 2L bottles when they know it will get finished before going flat => mainly social / sharing / family occasions, or on hot summer days when they / their household increase their cold beverage consumption to stay cool and hydrated

Buy other formats instead

- Buy cans (or less frequently smaller bottles) for routine day-to-day at home consumption, and especially for solo consumption => lesser commitment: allows them to open one for an individual consumption occasion with little or no waste due to flatness after opening

Limit 2L pop purchases to “safe” flavours that most will like

- Buying a polarizing / less popular flavour (such as grape, cream soda, root beer, etc.) runs the risk of it not getting finished before it goes flat. So instead, consumers tend to opt for flavours (i.e.; cola, ginger ale, etc.) that they / their household / their guests like.
- Alternately, they will only buy a 2L for sharing if they themselves like it enough to finish it later



“If I’m having a party and need lots of pop, I will get 2L bottles. For just me and roommate we go for cans.”

“Small cans at home usually. I don’t drink pop enough, don’t drink it fast enough. Small one is generally all I need.”

“We have nieces and nephews that are young, but I won’t buy them 2L of root beer or orange Crush because we won’t drink it after. For those flavours, I buy cans. The pop we always will drink, I will buy in 2L.”

“In 2L I only buy the ones I know will get finished. Coke or Cream Soda wouldn’t get finished in my household...”

Vast majority of consumers told us: if going flat weren't a concern, they would shift some of their purchase & consumption of other pop formats to 2L.

- Prior to exposure to the SMART CAPS video, we asked participants whether they think they would buy / drink any more 2L bottles of pop (vs. currently) if concerns over it going flat after opening were eliminated.
- A vast majority said YES: Switching from cans or smaller bottles to 2L bottles would save them money and cut down on packaging waste.
- Consumers did not expect to buy nor drink more pop overall in this hypothetical scenario. Rather, they said they would replace a lot of the smaller format purchases with 2L instead.
- Smaller formats still have a role to play: often deemed ideal for those who want flavour or brand variety on hand, and for on-the-go / out-of-home consumption.



“...Yes, then I definitely would buy more. We feel so wasteful buying cans. It is nice to have the one bottle, one package. The flatness is the big issue when purchase so that's why only get it for parties because don't consume it enough.”

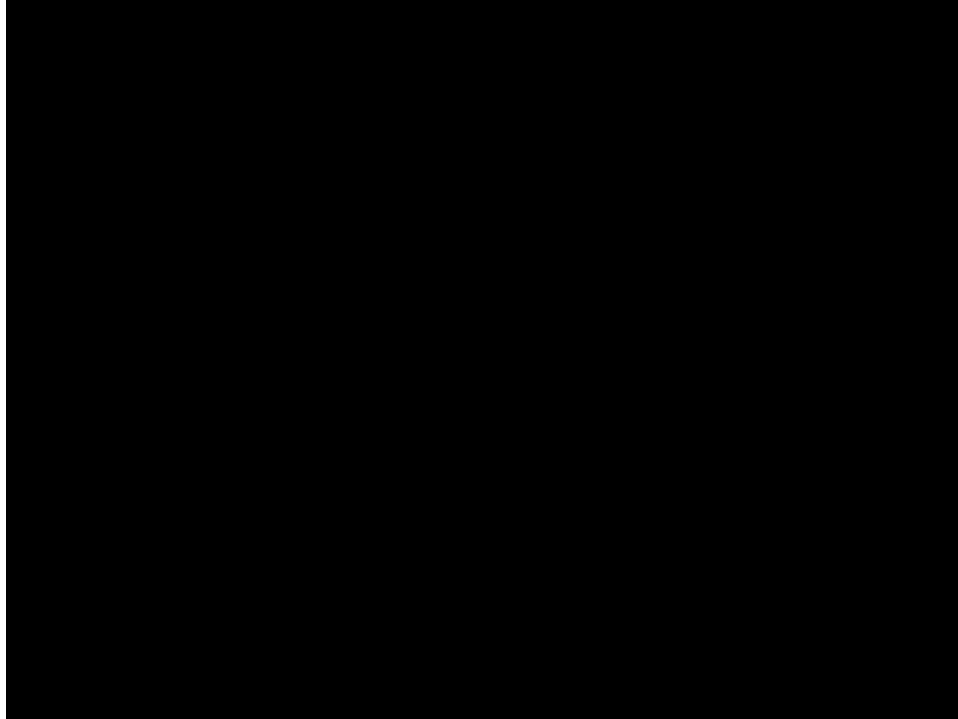
“...Cost is factor in buying 2L. If it won't go flat, I would purchase it more often for sure.”

IMPACT OF SMART CAPS ON
ATTITUDES AND BEHAVIOURS
RELATING TO 2L POP

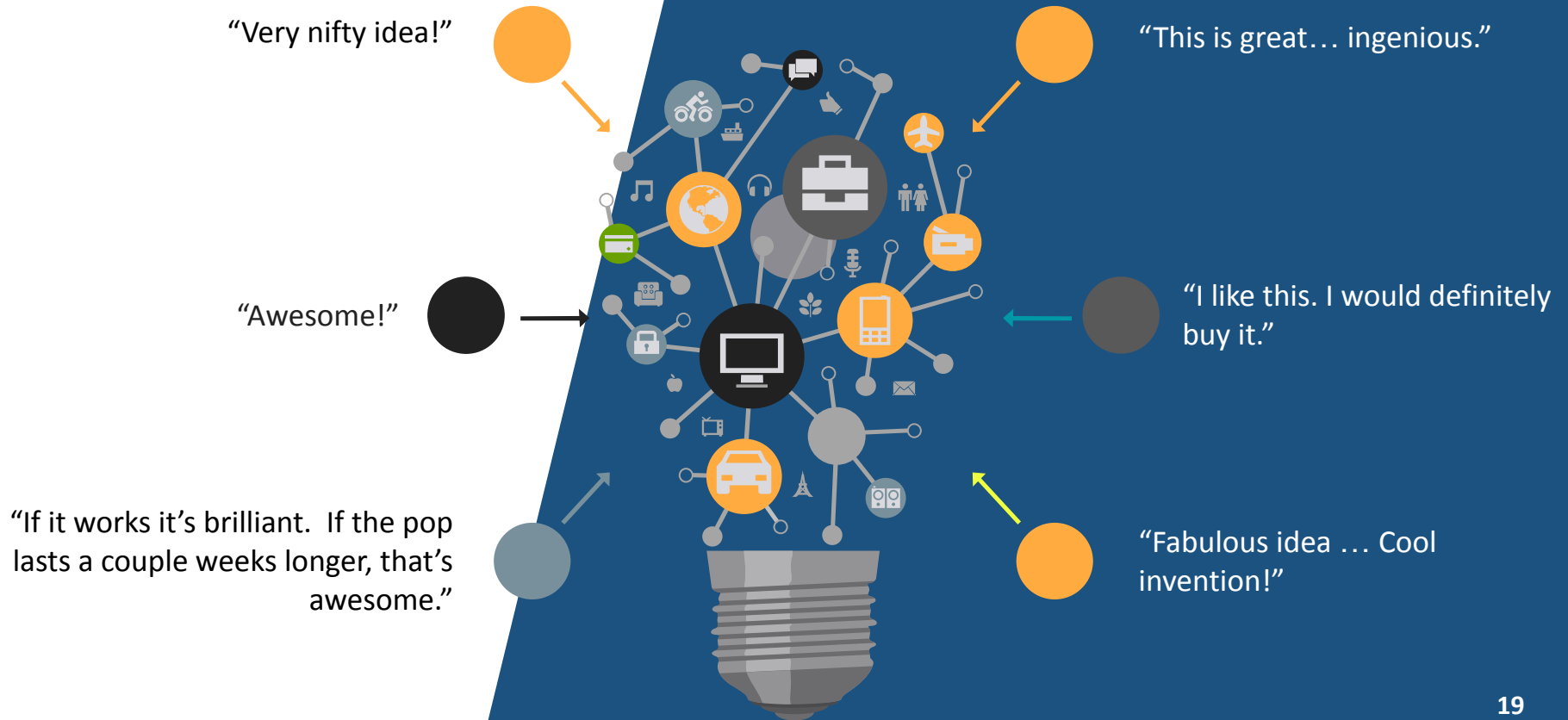


WHAT WE DID...

After a general discussion around 2L pop bottles, we showed participants a 22 second video that demonstrated the SMART CAPS concept. A discussion followed stimuli exposure.

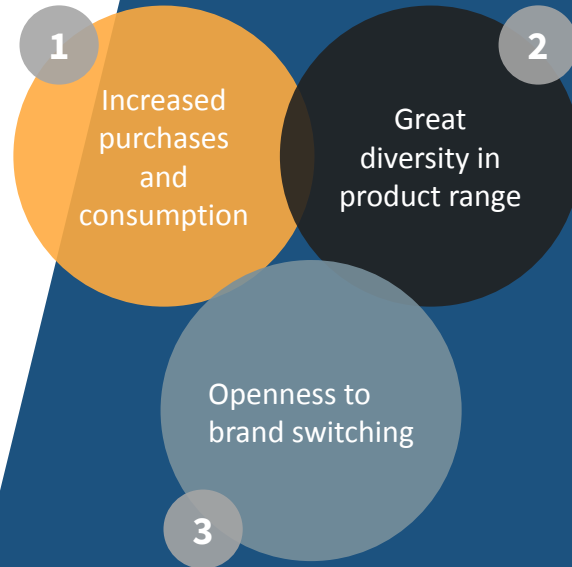


Upon initial exposure to the SMART CAPS video demonstrating the concept, consumers tend to react with enthusiasm and interest.



Impact...

of SMART CAPS on expected purchase and consumption behaviours of 2L pop emerges as significant.



The concept effectively eliminates the most prominent pain point associated with the 2L bottle, thereby enabling consumers to confidently reap the associated benefits (savings, portion control, less material, etc.) of the format more often, without the risk of flat and wasted pop.

Most expect they will shift a significant portion of their smaller-format pop purchases and consumption to a 2L bottle with a SMART CAP.

2 out of 3 consumers claim to be motivated to switch a lot of their purchases / consumption from cans and small bottles to the 2L format with a SMART CAP, because:

- ✓ More **economical** to buy => Money saved
- ✓ **Minimizes wasted pop** => Cans often go unfinished and lead to waste (especially when children drink them)
- ✓ A **more environmentally sound** choice => Less packaging waste created
- ✓ **Easier to keep in the fridge** vs. stacking multiple cans that take time and have a larger footprint

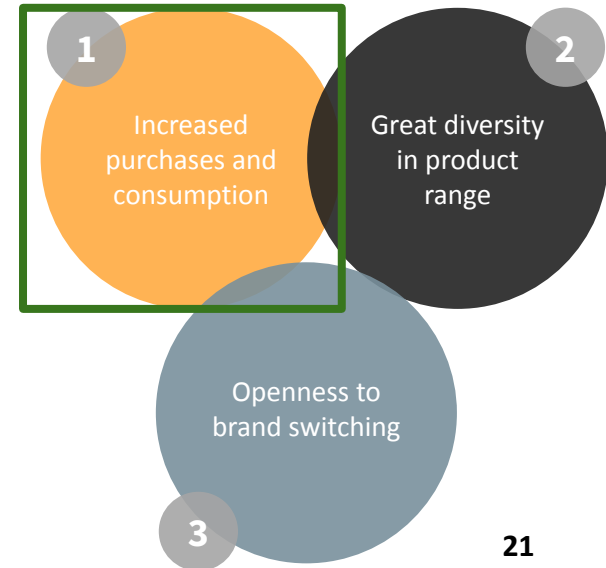
I would buy more 2L bottles... being single and say went out bought 2L instead of 12 cans, could make it last longer."

I would buy 2L instead of cans... when company comes over, or when grandchildren are visiting, to have on hand for them."

I find with cans, kids don't drink all of it either, so you end up throwing that away. With this special cap it will save some waste as well from cans."

I don't think I would drink more pop per say; but would buy 2L more often because it's less waste overall."

We would buy it exclusively over cans and small bottles, it's a lot more reasonable to consume it in that amount of time."



Having a SMART CAP on 2L bottles gives consumers confidence to buy a greater variety of flavours and brands in the format.

Many consumers voice interest in buying a broader variety of flavours and brands in the 2L format with a SMART CAP, versus currently:

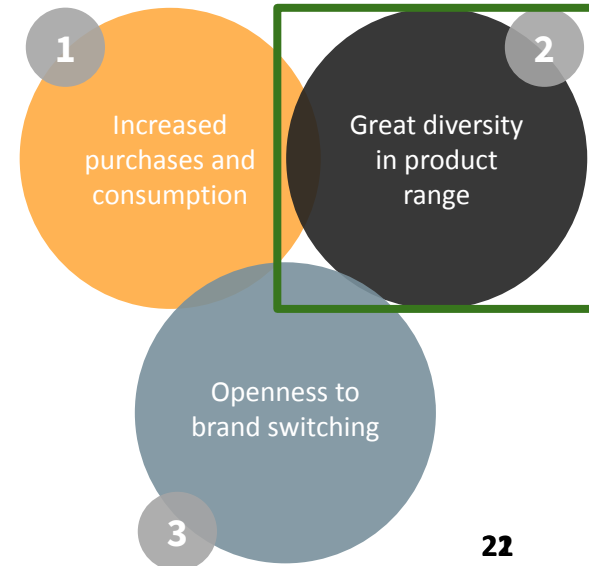
- ✓ Even less popular flavours / brands will eventually get finished and won't go to waste => Consumers can offer their households / guests a greater variety to please all taste buds and cravings without the fear of wasted pop after
- ✓ Some currently opt for cans to infuse flavour or brand variety into their pop selection at home => A 2L bottle that won't go flat would be cheaper to buy instead of cans, and would create less packaging waste

I'd be more inclined to buy more flavours with this... While I might like Diet Coke, not everyone does. If I had a cap like that, I would buy more kinds, to keep it from going flat and offer to more guests."

Weekends I may have friends/family over. Some like rum and Coke. I don't like Coke. If I knew it wasn't going to go flat, I would get 2L as opposed to cans."

For guests or grandchildren that don't drink the same variety that I do, would buy 2L if they stayed fresher longer."

We would typically buy a few cans to get some variety. It's wasteful to buy a 2L for one day. But if it stays fresh for a few weeks, might be something where we would use the bottle even though it might be something we wouldn't normally reach for every day."



SMART CAPS emerges as compelling enough to potentially trigger brand-switching, even among those who have a strong brand preference.

The benefit of retained carbonation tends to be viewed as highly differentiated from other 2L bottles (without the cap), and as significant-enough to motivate many to purchase brands other than their current go-to's if the other brand had a SMART CAP and their usual one did not:

- ✓ Several, who have a clear preference between Pepsi and Coke, would consider buying their less-preferred one if it came with a SMART CAP and the other did not
- ✓ In addition, some would be open to trying brands of pop they don't typically buy, if they came with a SMART CAP

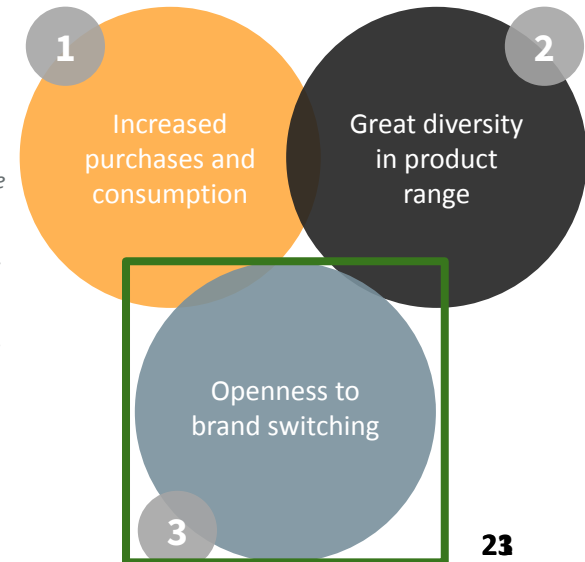
I would choose Smart Cap over regular cap. I am mostly a Coke drinker, but if I am at grocery store and all the Coke bottles have regular caps, and Pepsi had smart cap I would make the switch. I really like the concept."

If I went to the grocery store and one alternative had this cap it's incentive to change, I'd be more likely to try other brands if they may have the new cap..."

Once this becomes mainstream and I see the benefits, I would go out of my way to find ones with the Smart Cap..."

I can taste the difference between Pepsi and Coke, but is that extra carbonation worth switching over? It would make me think. If Coke had this cap, I would pick it over Pepsi. And if Pepsi had it, and Coke didn't, I would consider Pepsi."

I am biased to Coke over Pepsi, but if Pepsi had this lid on it, I would definitely get it, it wouldn't be a question for me."



Additional Smart Caps Learnings



(Peripheral) There tends to be a willingness to pay a bit more for a 2L bottle with a SMART CAP vs. one without.

Although we did not actively pursue this line of questioning during the discussions, participants brought it up organically

Consumers tend to be open to paying a little bit more for a 2L pop bottle with a SMART CAP compared with one without one

The anticipated savings from buying a more economical (2L) format over cans or small bottles, as well as the eliminated wasted flat pop are recognized to outweigh the potentially slightly higher price point that might come with a SMART CAP

As such, the cost/benefit ratio is perceived to favour SMART CAPS if it were to cause a slight price increase to bottles containing it



“I wouldn’t notice a small increase. It would be well worth it.”

“Cans cost a lot more than a 2L bottle...”

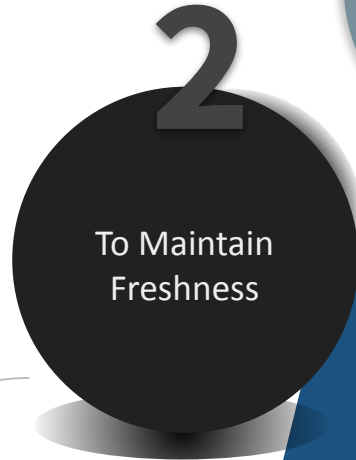
“I’d rather pay a few cents more.... Than pour half a bottle down the drain...”

Additional SMART CAPS application suggestions from participants range across a variety of categories:

Sparkling wine
Larger beer bottles / "growlers"
Carbonated water



Wine
Milk
Juice
Large energy drink bottles



Olive oil
Mouthwash
Motor oil
Anti-freeze
Windshield-washer fluid
Laundry detergent



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THANK YOU

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LEAD RESEARCHER / FACILITATOR
SUE WOOD

RESEARCH DIRECTOR
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